

## Message Text

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ACTION AF-08

INFO OCT-01 IO-13 ISO-00 AGRE-00 AID-05 CIAE-00 COME-00  
EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02  
OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05  
SS-15 STR-04 CEA-01 /090 W  
-----281120Z 085758 /14

P R 280927Z AN 77

FM AMEMBASSY DAR ES SALAAM  
TO SECSTATE WASHDC PRIORITY 3848  
INFO USMISSION USUN NEW YORK  
AMCONSUL ZANZIBAR POUCH

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E.O. 11652: N/A

TAGS: ECON, OVIP (YOUNG, ANDREW), TZ

SUBJECT: AMBASSADOR YOUNG'S VISIT TO AFRICA: BRIEFING PAPER:  
TANZANIA'S ECONOMY

1. TANZANIA IS A LESS DEVELOPED COUNTRY WITH A PER CAPITA INCOME OF ABOUT \$150. ITS ECONOMY IS BASED ON TRADITIONAL SMALL-SCALE AGRICULTURE. THE BULK OF ITS EXPORTS ARE AGRICULTURAL COMMODITIES SUCH AS COFFEE, COTTON, SISAL, CLOVES AND CASHEWNUITS. ABOUT 95 PER CENT OF ITS 15 MILLION PEOPLE LIVE IN RECENTLY FORMED RURAL VILLAGES WHICH ARE TO DEVELOP INTO "UJAMAA" (COMMUNAL) FARMING AND ECONOMIC UNITS. THE SMALL INDUSTRIAL SECTOR AIMS AT IMPORT-SUBSTITUTION.

2. IN THE PAST TEN YEARS TANZANIA HAS FOLLOWED A SOCIALIST, EGALITARIAN PATH TOWARD ECONOMIC DEVELOPMENT. THE GOVERNMENT CONTROLS VIRTUALLY THE WHOLE ECONOMY AND HAS INCREASINGLY TAKEN OVER PRODUCTION, FINANCE AND COMMERCE IN THE MODERN SECTORS. TANZANIA HAS CONCENTRATED ITS DEVELOPMENT EFFORTS ON EXPANDING SOCIO-ECONOMIC INFRASTRUCTURE. IT HAS DONE MUCH TO BROADEN ACCESS TO EDUCATION, WATER AND HEALTH. THERE HAS

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BEEEN DISAPPOINTING PERFORMANCE, HOWEVER, IN THE AGRICULTURAL, INDUSTRIAL, TRANSPORT AND MARKETING SECTORS, GOVERNMENT IS CONCERNED ABOUT SERIOUS DEFICIENCIES IN THE ECONOMY AND HAS BEGUN TO DEVOTE MORE ATTENTION TO INCREASING PRODUCTION.

3. THERE IS LITTLE FOREIGN PRIVATE INVESTMENT IN

TANZANIA AND THE GOVERNMENT PREFERS TO RELY ON FOREIGN AID DONORS, PRIMARILY THE WORLD BANK AND SWEDEN, TO ASSIST IN DEVELOPING AGRICULTURE AND INDUSTRY AS WELL AS SOCIAL WELFARE AND ECONOMIC INFRASTRUCTURE. BY 1980, TANZANIA HOPES TO REGAIN POSITION OF FOOD SELF-SUFFICIENCY AND TO PRODUCE MOST BASIC CONSUMER REQUIREMENTS.

4. IN RECENT YEARS ECONOMY HAS EXPERIENCED PARTICULAR DIFFICULTIES BECAUSE OF DROUGHT IN 1973/74, HIGHER OIL PRICES AND WORLD INFLATION. PRIMARILY BECAUSE OF BONANZA COFFEE PRICES, THE SITUATION IN 1976 AND 1977 HAS IMPROVED CONSIDERABLY. BASIC PROBLEMS, WEAKNESS, AND OVERLOAD OF THE SYSTEM REMAIN. DIFFERENCES WITH PARTNERS KENYA AND UGANDA HAVE LED TO SERIOUS BREAKDOWN OF EAST AFRICAN COMMUNITY COMMON SERVICES AND WILL PLACE ADDITIONAL BURDENS ON STRAINED TANZANIAN ECONOMY. BESIDES THE NEED FOR ITS OWN EFFORTS TO INCREASE PRODUCTIVE OUTPUT, TANZANIA WILL CONTINUE FOR SOME YEARS TO DEPEND HEAVILY ON FOREIGN AID TO FINANCE ECONOMIC DEVELOPMENT PROGRAMS.

SPAIN

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
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**Enclosure:** n/a  
**Executive Order:** n/a  
**Errors:** n/a  
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**Subject:** AMBASSADOR YOUNG'S VISIT TO AFRICA: BRIEFING PAPER: TANZANIA'S ECONOMY  
**TAGS:** ECON, OVIP, TZ, US, (YOUNG, ANDREW)  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009